now so generally recognised that the Committee on National Expenditure has called attention to the financing of the war by bank credits as one of the reasons for the inflation of prices which has done so much to raise the cost of the war. It is, in fact, being generally recognised that the power of the bankers to give their customers credits enabling them to draw cheques amounts in fact to an increase in the currency just as much as the power of the Bank of England to print legal tender notes, and the power of the Government to print Treasury notes.

Thus it has happened that by the evolution of the banking system the use of the precious metals as currency has been reinforced and expanded by the printing of an enormous mass of pieces of paper, whether in the form of notes, or in the form of cheques, which economise the use of gold, but have hitherto always been based on the fact that they are convertible into gold on demand, and in fact have only been accepted because of this important proviso. Gold as currency was so convenient and perfect that its perfection has been improved upon by this ingenious device, which prevented its actually passing from hand to hand as currency, and substituted for it an enormous mass of pieces of paper which were promises to pay it, if ever the holders of the paper chose to exercise their

power to demand it. By this method gold has been enabled to circulate in the form of paper substitutes to an extent which its actual amount would have made altogether impossible if it had had to do its circulation, so to